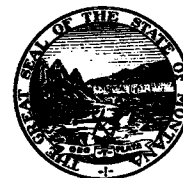




Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

SENATE BILL 439 MINERAL ROYALTY BACKUP WITHHOLDING ACT PROPOSED TIMELINE OF IMPLEMENTATION

May 2007

- Develop proposed timeline and identify issues
- Begin compiling system requirements for Integrated Revenue Information System (IRIS)
- Study "best practices" of other states (Utah, Oklahoma, Colorado, New Mexico)

June 2007

- Meet with Montana Petroleum Association (MPA) to discuss implementation requirements including forms, programming requirements and administrative issues; this process will continue throughout implementation
- Contact/meet with other interested organizations – i.e. Montana Coal Council and Montana Contractors Association
- Provide analysis of "best practices" of other states to the MPA and other interested organizations
- Begin the development of system requirements for IRIS and applicable forms
- Review the need for administrative rules

July 2007

- Obtain information from the Montana Board of Oil and Gas Conservation
- Finalize the system requirements for IRIS and reporting requirements for SABHRS
- Staff hired

August 2007

- Preliminary training provided to department employees

September 2007

- Finalize development of forms and IRIS testing

October 2007

- Remittors send correspondence prepared by department to royalty owners explaining upcoming changes and requirements

November 2007

- Payment coupons and necessary forms sent to remittors by November 15

January 2008 forward

- Withholding commences in January 2008 - Withholding frequency is quarterly but alternative methods may be considered
- January 31, 2009 – each remittor must furnish each royalty owner a statement showing royalty income and total taxes withheld
- February 28, 2009 – each remitter must file a Royalty and Tax Statement

REVENUE AND TRANSPORTATION
JUNE 21, 2007